

IICA/JIA/Res.392(XII-O/03)

13 November 2003

Original: Spanish

## **RESOLUTION No. 392**

### **PROPOSAL FOR THE COLLECTION OF QUOTA CONTRIBUTIONS OWED TO THE INSTITUTE**

The INTER-AMERICAN BOARD OF AGRICULTURE, at its Twelfth Regular Meeting,

#### **HAVING SEEN:**

Document IICA/JIA/Doc.275a “The Financing of IICA: Recommendations from the Executive Committee on the Collection of Quota Arrearages”

#### **CONSIDERING:**

That the Institute continues to face serious financial difficulties as a result of the failure of some Member States to pay their quota contributions for the maintenance of the Institute through the timely payment of their quotas, thereby seriously affecting IICA’s financial viability and the cooperation it provides in the Americas;

That this deficit limits the Institute’s ability to fulfill its mandate and launch new programs consistent with the implementation of the Declaration of Bavaro, the AGRO 2003-2015 Plan of Action, the Institute’s 2002-2006 Medium Term Plan and other priority actions requested by the Member States;

That, during its meeting held May 29-30, 2003, the Special Advisory Commission on Management Issues (Advisory Commission) recommended a set of measures to facilitate the collection of quota arrearages;

That, by Resolution IICA/CE/Res.392(XXIII-O/03), the Executive Committee adopted the measures recommended by the Advisory Commission attached to said resolution and instructed the Director General to implement them;

That the IABA has reviewed and adjusted these measures in order to reflect the observations made by the Member States and the General Directorate, as set out in the Appendix to this resolution,

RESOLVES:

1. To urge the Member States that owe quotas to IICA to pay their pending quotas as soon as possible, to enable the Institute to fully comply with its mandates.
2. To adopt the measures contained in the Appendix to this resolution.

## **APPENDIX**

### **MEASURES FOR COLLECTING QUOTAS OWED TO THE INSTITUTE**

#### **I. DEFINITION OF THE STATUS OF MEMBER STATES WITH REGARD TO QUOTA PAYMENTS**

##### **A. Up-to-date status:**

A Member State's status is considered "up to date" when it has paid the entirety of the payments in accordance with its assigned quota. Pursuant to Article 70 of the IABA, quotas are considered to fall due on the first day of each fiscal year. As an exception to this rule, and for purposes of this definition, Member States that have paid the totality of their quotas by 30 June of the current year, shall be considered "up to date".

##### **B. Regular status:**

A Member State's status is considered "regular" when it owes quotas for no more than two fiscal years. For purposes of this provision, Member States that owe no more than two full quotas as of June 30, shall be considered "regular."

##### **C. Special situation:**

A Member State's status is considered "special" when it has agreed to a payment schedule with the Director General, and that schedule is being met. For purposes of this provision, Member States that by June 30 owe the quota for the current year plus more than the amount of one full quota from previous fiscal years, and that have agreed to a payment schedule with the Director General, which is being met and for which at least one payment has been made in the current year, shall be considered to have "special status." Once a Member State in "special" status has reduced its arrearages to two or less than two full quotas it will be considered "regular."

##### **D. In arrears:**

A Member State's status is "in arrears" when it owes the quota for the current year plus more than the amount of one full quota from previous fiscal years. For purposes of this provision, Member States that by June 30 owe the quota for the current year plus more than the amount of one full quota from previous fiscal years, have not agreed to a payment schedule and are not meeting one, shall be considered to be "in arrears."

## II. GENERAL PROVISIONS TO ENCOURAGE THE TIMELY PAYMENT OF QUOTAS

### A. Applicable to Member States that have up-to-date or regular status:

1. They will have the right to vote in the Executive Committee and the IABA.
2. They can host IICA meetings.
3. They can nominate candidates for the position of Director General.
4. They can nominate candidates to positions on Committees.
5. Nationals of these Member States will be given preference in IICA hiring.
6. The IICA Office in the country may be allocated additional quota resources, as a result of the application of budgetary reductions to IICA Offices in Member States that have in-arrears status, quota collection permitting.
7. They are eligible to serve as members of the SACMI.

### B. Applicable to Member States that have special status:

1. They will have the right to vote in the Executive Committee and the IABA.

### C. Applicable to Member States that have in-arrears status, in accordance with the degree of delay:

1. Member States that owe quotas for more than two complete fiscal years.
  - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
2. Member States that owe the quotas of three complete fiscal years:
  - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
  - ii. 20% reduction in the annual quota budget allocated to the Office in the country.

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<sup>1</sup> Article 24 of the Convention on the Institute, Article 69 of the Rules of Procedure of the IABA, and Article 77 of the Rules of Procedure of the Executive Committee establish the rules regarding the suspension of the right to vote. For details on the enforcement of these rules, see the aide-mémoire included in the document: *Convention and Basic Rules of Procedure of IICA*, Official Documents Series N° 22, pp. 23-31.

3. Member States that owe the quotas of four complete fiscal years:
  - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
  - ii. 40% reduction in the annual quota budget allocated to the Office in the country.
  - iii. Additional charge for managing projects financed with government resources, in partial payment of quotas owed.
4. Member States that owe quotas for five or more complete fiscal years:
  - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
  - ii. Reduction of IICA actions in the country
  - iii. Closing of the IICA Office in the country (as a last and extreme measure, not to be taken without considering the costs involved in re-opening the Office, and that the country must cover such costs should it pay its arrearages or arrange a payment schedule with the Institute).
5. The SACMI recommends that the General Directorate consider other alternatives for encouraging payment of quotas.

### III. CONDITIONS FOR THE PAYMENT SCHEDULE OF A MEMBER STATE

- A. A minimum initial payment of one annual quota, and a maximum term of 24 months for paying the accumulated debt.
- B. The plan should take into account the payment of quotas for following fiscal years, so as not to generate new debts.
- C. Submit a payment plan to IICA, signed and formalized by the government and the Institute.
- D. Not to accept special contributions in the form of personnel, office space, communications facilities, etc., as payment for overdue quotas, but rather as an alternative form of support for IICA's finances.
- E. Other proposals submitted by the member countries, subject to evaluation by the Institute.

IV. SPECIAL AND TRANSITORY PROVISIONS FOR THE YEAR 2003 FOR MEMBER STATES THAT HAVE "IN ARREARS" STATUS

- A. Notwithstanding the requirements for a Payment Plan established in Part III, any Member State that owes more than two years of assessed quotas and that concludes a Payment Plan with the Director General before December 31, 2003, that satisfies the conditions indicated below, shall be exempt from these measures with respect to the debt for the period up to December 31, 2003, provided it complies with that Plan. The conditions are:
1. For 2004 and every year thereafter, the debtor Member State shall pay to IICA an amount equal to or greater than 150% of the annual quota approved by the IABA until the debt is paid in full;
  2. For 2004, the Member State shall pay before June 30 at least 50% of the 2004 quota in accordance with the above point;
  3. The Payment Plan shall be signed by the appropriate authorities of the debtor Member State;
  4. Failure to comply with the Payment Plan will result in the immediate imposition of the measures established in this Document.
- B. For those Member States that are not able or otherwise willing to take advantage of the transitory provisions set out in Part IV(A) above, the following incentives shall apply:
1. As an exception and a special incentive for establishing payment schedules, and for the purposes of Article 24, payment of one complete quota may be applied to the current year, provided that the Member State has agreed to a payment schedule and is meeting it.
  2. Before proceeding to close an IICA Office in a Member State that owes quotas for five or more complete fiscal years, an additional extension to December 31, 2003 will be granted for beginning to execute the payment schedule, so that it may apply for special status.
  3. With payment of one annual quota and the establishment of a schedule for paying at least 50% of the debt within a period of 24 months, as an exception, other proposals by the Member States may be considered, such as payments in national currency, in kind or in marketable securities, in payment of the other 50% of the debt.

V. SPECIAL CONSIDERATION FOR THE CONTRIBUTIONS MADE BY MEMBER STATES THAT HOST MEETINGS OF THE EXECUTIVE COMMITTEE OR THE IABA

- A. Even though many Member States are interested in hosting meetings of the Executive Committee and the IABA, they cannot do so due to the additional costs often incurred in connection with holding same. The Executive Committee and the IABA could consider the possibility of covering a portion of said costs for those countries that are up to date in the payment of their quotas, or are complying with a payment plan.